

Message Text

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TAGS: AFSP, AU

SUBJECT: GAO VISIT TO VIENNA

REF: A. VIENNA 8746; B. STATE 226574

SUMMARY: GAO TEAM INTERESTED IN CHEESE AND STEEL RESTRICTIONS VISITED VIENNA OCTOBER 8-18. EMBASSY ARRANGED SEVERAL APPOINTMENTS WITH GOA OFFICIALS AND STEEL INDUSTRY REPS. TEAM'S INTERESTS WENT CONSIDERABLY BEYOND U.S. CHEESE AND STEEL RESTRICTIONS AND INCLUDED AUSTRIAN TRADE RESTRICTIONS AND OTHER AREAS. END SUMMARY

1. GAO TEAM STUDYING U.S. QUANTITATIVE RESTRICTIONS ON CHEESE AND STEEL VISITED VIENNA FROM OCT. 8-18. ACCESS TO EMBASSY'S FILES ON AUSTRIAN STEEL INDUSTRY AND TRADE STATISTICS WAS PROVIDED IN ACCORDANCE WITH ESTABLISHED CRITERIA.

2. WITH REGARD TO GAO TEAM'S INTEREST IN OTHER EMBASSY FILES REPORTED REF A., GUIDANCE PROVIDED IN REF B WAS CONVEYED TO TEAM HERE UPON RECEIPT. GAO AUDITOR LAMOTTE WAS CLEARLY UNHAPPY WITH THIS POSITION AND ACCEPTED IT ONLY RELUCTANTLY. AS SUGGESTED REF B., WE PROVIDED GENERAL ORAL BRIEFINGS ON GOA TRADE RESTRICTIONS AND GOA TRADE POLICY TOWARD DEVELOPING COUNTRIES. WHILE
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TEAM ASKED FOR DATA ON AUSTRIA'S AID PROGRAM AND TRADE

POLICY TOWARD DEVELOPING COUNTRIES, THEY DID NOT PRESS THIS REQUEST.

3. AT OUTSET OF TEAM'S VISIT HERE WE BRIEFED THEM ORALLY AND IN GENERAL TERMS ON EMBASSY'S DISCUSSIONS WITH AUSTRIAN STEEL INDUSTRY IN 1972-1973 CONCERNING POSSIBLE AUSTRIAN PARTICIPATION IN VRA. AS INDICATED REF A, ACCESS TO VRA FILES WAS NOT PROVIDED. TEAM WAS INTERESTED IN EFFECTS VRA MIGHT HAVE ON INDUSTRY AND EXPORTS IN COUNTRIES WHICH DID NOT PARTICIPATE IN VRA. ON TEAM'S REQUEST WE ARRANGED APPOINTMENTS FOR MR. LAMOTTE WITH SEVERAL GOA AND INDUSTRY OFFICIALS INCLUDING REPRESENTATIVES OF VOEST-ALPINE, GEBRUDER BOEHLER, TRADE MINISTRY SECTION DEALING WITH STEEL INDUSTRY, AND GOA OFFICIAL DEALING WITH NATIONALIZED INDUSTRIES.

4. AT CONCLUSION OF VISIT HERE MR. LAMOTTE BRIEFLY DISCUSSED WITH EMBASSY HIS FINDINGS AND IMPRESSIONS. AUSTRIAN STEEL COMPANY OFFICIALS WITH WHOM HE SPOKE HAD INDICATED THAT FALLOUT FROM VRA ARRANGEMENTS WITH OTHER COUNTRIES HAD HEIGHTENED JAPANESE COMPETITION WITH AUSTRIAN INDUSTRY, BOTH IN AUSTRIA AND IN THIRD COUNTRY MARKETS. MR. LAMOTTE ALSO HAD IMPRESSION THAT AUSTRIAN EXPORTS OF QUALITY STEELS TO THE U.S. HAD ACTUALLY BEEN DECLINING FROM 1971 THROUGH 1972 AND BEGAN TO RISE AGAIN IN EARLY 1973. MR. LAMOTTE STATED THAT GEBRUDER BOEHLER OFFICIALS MENTIONED TO HIM DISCUSSIONS EMBASSY AND MR. KYLE OF THE DEPARTMENT OF STATE HAD HERE WITH INDUSTRY REPRESENTATIVES ON VRA.

5. TEAM'S INTEREST WAS OBVIOUSLY MUCH BROADER THAN STEEL AND CHEESE RESTRICTIONS. MR. LAMOTTE INDICATED INTEREST IN HOW OTHER GOVERNMENTS RESTRICT IMPORTS WITH A VIEW TO DETERMINING IF THEIR METHODS MIGHT BE APPLICABLE IN THE U.S. HE APPEARED TO BE PARTICULARLY INTERESTED IN AUSTRIAN TECHNIQUE OF TEMPORARILY REDUCING OR ELIMINATING TARIFFS UNILATERALLY WHEN IT WAS IN AUSTRIAN INTEREST TO DO SO. HE SAID HIS AUSTRIAN CONTACTS CONSIDERED QUANTITATIVE RESTRICTIONS LIMITED OFFICIAL USE

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MORE EFFECTIVE ALTHOUGH LESS FLEXIBLE THEN RESTRICTIONS BASED ON PRICE OR TARIFFS. MR. LAMOTTE COMMENTED THAT THE MOST DIFFICULT DATA TO COME BY, AND IN WHICH HE WAS PARTICULARLY INTERESTED, RELATED TO EFFECT OF VRA ON STEEL PRICES. HE SAID HE WOULD BE PURSUING THIS FURTHER ON HIS RETURN TO FRANKFURT. (WE HAD IMPRESSION HE BELIEVES VRA RESULTED IN HIGHER PRICES TO U.S. BUYERS.)

6. MR. LAMOTTE RETAINED XEROX COPIES OF SEVERAL UN-CLASSIFIED EMBASSY REPORTS ON AUSTRIAN STEEL INDUSTRY, MAINLY EMBASSY'S ANNUAL CERP REPORTS, AND ALSO COPIES OF SOME OF THE EMBASSY'S MONTHLY SUBMISSIONS TO DEPARTMENT OF STEEL EXPORT STATISTICS, AS WELL AS PRICE DATA SUPPLIED BY INDUSTRY SOURCES.

7. SEPARATE REPORT ON GAO'S STUDY OF CHEESE QUOTAS
HERE FOLLOWS. HUMES

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